

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 13, 2007

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

CASE NO. PUC-2005-00007

Ex Parte: In the Matter of Investigating  
Directory Errors and Omissions of Verizon  
Virginia Inc. and Verizon South Inc.

ORDER APPROVING OFFER OF SETTLEMENT

On January 21, 2005, the State Corporation Commission ("Commission") issued an Order Establishing Investigation to address the significant and ongoing errors and omissions in the White Page directory listings of Verizon Virginia Inc. and Verizon South Inc. (collectively "Verizon" or "Company"). The Order directed the Commission's Division of Communications ("Division") to investigate Verizon's directory operations to identify the source or sources of the errors and omissions in Verizon directories, and to make recommendations on how to resolve the problem and increase the quality and accuracy of Verizon directories. Finally, the Order invited interested persons to file comments addressing the errors and omissions in Verizon directories.

The Commission's investigation generated substantial public interest as evidenced by the number of comments filed in response to the Commission's January 21, 2005 Order. Almost 500 comments were filed, including comments from Verizon residential and business customers, members of the Virginia General Assembly, other governmental officials, and competitive local exchange carriers ("CLECs") and their customers. The comments described, among other things, the inconvenience and hardship caused by the errors and omissions in Verizon directories; the adverse economic impact on businesses whose telephone numbers were omitted, printed erroneously, or placed under the wrong headings in directories; and the delays experienced by customers attempting to correct their telephone numbers or directory listing information.

On August 31, 2005, the Staff filed a Status Report with the Commission describing the preliminary results of its investigation. The Status Report stated that several interrelated factors appeared to have caused the increase in directory errors and omissions, including merging the directory operations of Bell Atlantic Corporation and GTE Corporation,<sup>1</sup> converting directory-related computer systems, unnecessarily cumbersome processes for wholesale and retail listings, and human error.

On September 7, 2006, the Staff filed its Report containing its findings and recommendations developed as a result of its investigation. The Staff Report noted that the errors and omissions in Verizon directories began to increase during the modernization and merger of the Company's automated directory listing systems. While several interrelated automated system problems contributed to the errors and omissions, the Staff Report found that most of the errors and omissions were caused by Verizon's automated directory listing systems being unable to synchronize accurately local telephone listing data with the VAST<sup>2</sup> database system maintained by Verizon Information Services (now known as "Idearc")<sup>3</sup> for directory publications in Virginia and other States. These system synchronization problems caused thousands of directory listings to be rejected by VAST, and required the erroneous listing information housed in the respective listing systems to be corrected and synchronized manually. While the Staff concluded that other factors, such as human error and lack of resources devoted

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<sup>1</sup> Bell Atlantic Corporation and GTE Corporation merged on June 30, 2000, to form Verizon Communications, Inc. The Commission approved the merger in Joint Petition of Bell Atlantic Corporation and GTE Corporation, For approval of agreement and plan of merger, Case No. PUC-1999-00100, 1999 S.C.C. Ann. Rept. 321.

<sup>2</sup> VAST is an acronym for Verizon Advertising System for Tomorrow. VAST extracts Virginia listing data from Verizon's automated listing system for the publication of Virginia directories.

<sup>3</sup> Subsequent to the filing of the Staff Report and the Offer of Settlement on September 7, 2006, Verizon Communications Inc. spun-off of Verizon Information Services to the company's stockholders on November 17, 2006. Verizon Information Services changed its corporate name to Idearc subsequent to the spin-off. Idearc will continue to publish directories in Virginia for Verizon.

to the conversion and synchronization of directory listing systems, may have contributed to the problem, it found that the inability of the local telephone and VAST automated directory listing systems to synchronize accurately directory listing information was the primary cause of most of the errors and omissions in Verizon directories.

The Staff Report further described the actions undertaken by Verizon to correct the automated system problems. Verizon indicated to the Staff that it had spent approximately \$8 million to identify and correct its directory problems and improve the quality of Verizon directories. Among other things, Verizon established a single listing database ("eListings") as its master database for local directory listings. Additionally, the Company initiated a cleanup process that began synchronizing the local listing data housed in Verizon's eListings database with the listing data housed in the VAST system. The Staff Report further indicated that the corrective actions undertaken by Verizon had reduced the number of complaints filed with the Commission for errors and omissions in Verizon directories.

During the course of the investigation, the Staff and Verizon also sought to identify additional actions that could be undertaken to provide relief for customers who experience errors and omissions, and how the accuracy of Verizon directories could be improved on a going-forward basis. As a result of these discussions, the Staff and Verizon filed a Joint Motion to Approve Offer of Settlement on September 7, 2006, which is designed to resolve this investigation; provide limited relief for past and future customers experiencing directory errors; and establish appropriate financial incentives to assure that future Verizon directories do not experience the same level of errors and omissions as in the past. The Offer of Settlement contains, among other things, the following agreed upon terms:

- A Corrective Action Plan that will distribute \$2 million to customers affected by past errors and omissions;
- An Incentive Plan under which eighty (80) future directories will be audited by the Staff. The directories must meet a 99% accuracy rate, with a \$50,000 payment to the Treasurer of Virginia by Verizon for each directory that fails to meet the accuracy metric;
- Tariff revisions that will expand the relief available to Verizon customers who experience errors and omissions in future directories;
- Payments to the Treasurer of Virginia by Verizon for errors and omissions in business listings that occur for more than one year without being corrected by Verizon;
- Initiating new processes for customer verification of directory listings prior to publication;
- Clarification that Verizon is in command and control with regard to decisions on republishing or supplementing a directory;
- Implementing reporting requirements on Verizon so the Staff can continue to monitor Verizon's progress in correcting the causes of the errors and omissions in the Company's directories; and
- Establishing of a Verizon toll-free hotline and e-mail address for directory listing complaints and inquiries with a waiting time of no more than three (3) minutes, on average, before a "live" person is connected to handle telephone complaints and inquiries.

The Staff and Verizon further recommend that the Offer of Settlement be accepted by the Commission as an appropriate means to resolve this matter. Under the terms of the Offer of Settlement, the requirements imposed on Verizon will sunset in three (3) years, with the

exception of the Staff's audit of future Verizon directories to assure compliance with the 99% accuracy metric. The accuracy metric will sunset at the earlier of three (3) years from the date the Commission approves the Offer of Settlement or the conclusion of the Staff's 80th directory audit.

On September 29, 2006, the Staff filed proposed procedures ("Claim Procedures") for implementing the Offer of Settlement's proposed Corrective Action Plan, which will distribute up to \$2 million in payments to customers who experienced "service affecting" errors and omissions in past directories.<sup>4</sup> The proposed Claim Procedures define the customers eligible to participate in the Corrective Action Plan, describe the information that must be submitted to the Division of Communications to participate in the Corrective Action Plan, propose deadlines for filing claims with the Division, propose maximum claim amounts for residential and business customers, and describe customer remedies should their claim be denied by the Division.

On October 4, 2006, the Commission entered an Order for Notice and Comment that notified the public of the proposed Offer of Settlement and Claim Procedures; allowed interested persons to file comments on the proposed Offer of Settlement and Claim Procedures; and allowed the Staff and Verizon to file replies to any comments filed by interested persons.

Comments on the proposed Offer of Settlement and the Staff's proposed Claim Procedures were filed by the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"), the Free Lance-Star Publishing Company ("the Free Lance-Star"), and over 100 residential and business customers. The Commission Staff and Verizon filed Replies on December 21, 2006, addressing the major substantive issues raised in the comments.

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<sup>4</sup> Service affecting errors are generally defined in the Offer of Settlement as errors and omissions that prevent a customer's listing or correct number to be located in a directory, or the publication of a non-listed or non-published telephone number.

NOW THE COMMISSION, having considered the Joint Motion to Approve Offer of Settlement, the comments of interested persons, and the Replies of Verizon and our Staff, is of the opinion and finds that the proposed Offer of Settlement and the Staff's proposed Claim Procedures to implement the Corrective Action Plan contained in the Offer of Settlement should be accepted, subject to the modifications to the Staff's proposed Claim Procedures discussed herein. The proposed settlement is in the public interest because it provides monetary relief for customers experiencing past errors and omissions in Verizon directories, expands the tariff relief available to Verizon customers who experience future errors and omissions, and establishes significant financial incentives designed to improve the accuracy of listing information in future Verizon directories. The Offer of Settlement will also give customers additional means to verify the accuracy of their listings before directories are published, thus allowing business customers an opportunity to avoid some of the financial hardships created when their telephone numbers or listing information is omitted or printed erroneously in a directory. Accordingly, we find the Offer of Settlement and the Staff's proposed Claim Procedures, as modified, are reasonable means to address this problem and they should be approved.

#### Customer Notification of Claim Procedures

The Consumer Counsel supports the proposed Offer of Settlement, but notes that the proposed Offer of Settlement and Claim Procedures do not address how customers will be notified of their right to file claims under the Corrective Action Plan. Accordingly, the Consumer Counsel recommends that "the Commission should consider directing Verizon to send proper notice to customers via U.S. Mail in the form of letters, bill inserts, or bill imprints."<sup>5</sup> If the Commission decides that newspaper display advertising should be used to

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<sup>5</sup> Consumer Counsel December 1, 2006 Comments at 4.

notify customers of the Claim Procedures, the Consumer Counsel recommends that "the Commission should consider publication on multiple occasions to increase the likelihood of the notice reaching affected customers."<sup>6</sup>

We share the Consumer Counsel's view that customers eligible to file claims under the Corrective Action Plan should be given adequate notice of their right to file claims under the settlement. However, we do not believe that Verizon should be required to notify customers by letters, bill inserts or bill imprints of the Claim Procedures we adopt herein. This proceeding has generated widespread media attention in newspaper articles, television reports, and editorial comment. We have also notified the public of this investigation and the proposed Offer of Settlement by display advertising in newspapers throughout Verizon's service territory. Finally, the Staff indicated in its December 21, 2006 Reply that it plans to mail a claim form to all those customers who filed directory listing related complaints or comments with the Commission.<sup>7</sup>

Given the widespread media coverage of this proceeding and the legal notices previously published notifying the public of this investigation and the proposed Offer of Settlement and Claim Procedures, we find it unnecessary to direct the Company to notify customers of the Claim Procedures by letters, bill inserts, or bill imprints. Instead, we find that adequate public notice of the Claim Procedures can be provided to customers by publishing, on one occasion, public notice of our approval of the Offer of Settlement and Claim Procedures in newspapers of general circulation throughout Verizon's service territory. In addition, our Staff is directed to: (1) mail a claim form to customers who have filed complaints or comments in this proceeding concerning errors and omissions in their directory listings, (2) prepare and circulate a news

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<sup>6</sup> Id.

<sup>7</sup> Staff December 21, 2006 Reply at 5.

release describing our approval of the Offer of Settlement and Claim Procedures, and (3) make the claim form available on the Commission's website so eligible customers can file claims electronically. These notification procedures should assure that all customers entitled to file claims for directory errors and omissions are adequately notified of the Corrective Action Plan and of the procedures that must be followed to file a claim for monetary payments under the plan.

#### Customer Verification of Listing Information

The Offer of Settlement also provides means by which customers can verify that their listing information is accurate before a directory is published. Under the terms and conditions of the Offer of Settlement, Verizon will make available a new hotline number and e-mail address whereby customers can verify whether their listing information housed in the automated listing databases of Verizon and Idearc is accurate before a directory is published. The Consumer Counsel notes that the Offer of Settlement does not indicate precisely how customers will be made aware of the customer verification procedures, and therefore urges the Commission to direct Verizon to publicize the availability of these new features.

Verizon's December 21, 2006 Reply indicates that the Company "is considering plans to provide direct customer notification of the verification process and hotline contact information (telephone and email) utilizing the directories, bill messages/inserts, recorded messages for customer contact centers, and Verizon's web page. . . ."<sup>8</sup> Verizon's Reply, however, does not indicate which of these specific methods it will use to notify customers of the listing verification

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<sup>8</sup> Verizon's December 21, 2006 Reply at 7.



process. The Company merely indicates that it "will select options that provide sufficient notification to customers" of the verification process.<sup>9</sup>

We find the listing verification process is one of the most important remedies provided to customers under the Offer of Settlement. If a directory error or omission is discovered "after" a directory is published, customers must wait at least a year before a new directory is published and their listing information is corrected. This one-year delay in having listing information corrected can cause undue inconvenience and, in some cases, severe economic consequences for business customers. Accordingly, given the importance of the listing verification process, we find that Verizon should provide customer notification of the verification process and hotline contact information by each of the four (4) methods listed in the Company's December 21, 2006 Reply. Verizon is hereby directed to notify its customers of the listing verification process by: (1) advising customers of the verification process in the Company's future directories, (2) sending bill messages or bill inserts to its customers advising them of the verification process, (3) providing recorded messages for customers calling Verizon's customer contact centers to advise them of the verification process, and (4) advising customers of the verification process on Verizon's website.

#### Claim Procedures

The Staff's proposed Claim Procedures provide that all claims must be filed with the Division no later than ninety (90) days from the entry of a Commission Order approving the Offer of Settlement. Customers not meeting the filing deadline are not eligible to participate in the Corrective Action Plan.

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<sup>9</sup> Id.

The Consumer Counsel believes a 90-day period for filing claims is appropriate. However, the Consumer Counsel recommends that the 90-day period begin to run at the last instance of notice to customers rather than the date of a Commission Order approving the Offer of Settlement. The Staff Reply did not support the Consumer Counsel's proposal, stating that it may be difficult to ascertain the specific date of the last customer notice in order to determine when the claim period begins to run.<sup>10</sup> As an alternative to the Consumer Counsel's proposal, the Staff indicates it does not oppose extending the filing deadline to one-hundred and twenty (120) days from the date of the Commission's Order approving the Offer of settlement.<sup>11</sup>

We find the 90-day claim period in the Staff's proposed Claim Procedures should be adopted, and that the claim period should begin from the date of this Order Approving Offer of Settlement. As mentioned herein, customers will be notified of the Claim Procedures by three methods, namely, the publication of a legal notice in newspapers throughout Verizon's service territory, direct mailing by the Staff to customers who have filed complaints and comments relating to errors and omissions in Verizon directories, and the issuance of a news release by the Staff. Given the various forms of public notice that are required by this Order, we agree with the Staff that it would be difficult to determine the last date of customer notification for purposes of determining when the claims process begins. Accordingly, in order to establish a date certain for filing claims, we find that all claims for monetary relief under the Corrective Action Plan must be filed with the Division no later than ninety (90) days from the date of this Order Approving Offer of Settlement.

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<sup>10</sup> Staff's December 21, 2006 Reply at 5.

<sup>11</sup> Id.

Customers who experienced past errors and omissions should have their claims evaluated promptly and efficiently by the Division so the claims process can be concluded in a timely manner. We find that in order to expedite the payment of claims to customers under the Corrective Action Plan, the Division should investigate all claims and determine eligibility no later than one-hundred and fifty (150) days from the entry date of this Order. In addition, we note that the Division's evaluation of customer eligibility is dependent upon information held by Verizon in various formats and, as further set forth below, direct Verizon to cooperate fully with the Division in this regard.

Finally, Section IV of the Staff's proposed Claim Procedures provides that any customer claims denied by the Division may be reviewed by the full Commission upon a customer's written request. The Commission, however, must identify all of the claimants entitled to receive payment prior to the payout of any claims. As a result, we find that Section IV of the Staff's proposed Claim Procedures should be modified to provide a deadline for customers challenging a Division decision denying their claim. We will therefore amend Section IV of the Claim Procedures to provide that customers seeking review of claims denied by our Staff must file a written request for review with the Commission no later than one-hundred and eighty (180) days from the entry of this Order Approving Offer of Settlement.

#### Eligibility Claim Period

The Consumer Counsel's comments note that the Staff's proposed claim form only lists directories published in the years 2004, 2005, and 2006 as being eligible for monetary relief under the Corrective Action Plan. However, since the Staff's proposed eligibility claim period runs from January 1, 2004, through the effective date of the new tariff provisions Verizon will file pursuant to Section III of the Offer of Settlement, the Consumer Counsel recommends that

the proposed claim form be amended to include directories published in 2007 before the effective date of the new tariff provisions. The Staff Reply indicates that it "agrees with the AG's recommendation regarding the claim form and plans to update the form to include 2007 directories that may be published prior to the effective date of Verizon's proposed tariff revisions expanding customer relief for future errors and omissions."<sup>12</sup>

We find the claim form should be modified to include directories published in 2007 prior to the effective date of the new tariff revisions expanding customer relief for future errors and omissions. Under the proposed Offer of Settlement, customers experiencing service affecting errors and omissions between January 1, 2004, and the effective date of the new tariff revisions can file claims under the Corrective Action Plan. Those Verizon customers experiencing future service affecting errors will be given automatic credits for their Local Exchange Service under the new tariff revisions Verizon will file under the Offer of Settlement.

#### Governmental Directory Listings

Under the proposed Offer of Settlement, Verizon will file new tariff provisions expanding the relief available for its residential and business customers who experience service affecting errors in future Verizon directories. Business customers will receive an automatic credit of twelve (12) months of the fixed monthly charges for Local Exchange Service while residential customers will receive an automatic credit of six (6) months of the fixed monthly charges for Local Exchange Service. The Consumer Counsel seeks clarification on whether these new tariff provisions will be applicable to governmental customers. The Consumer Counsel also seeks clarification on whether governmental entities can participate in the Corrective Action Plan.

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<sup>12</sup> Id. at 6.

We find that only customers subject to the jurisdiction of the Commission should be allowed to participate in the Offer of Settlement. Telephone services provided under contract to the state government and its agencies are exempt from Commission regulation under Va. Code § 56-234. Accordingly, any relief for errors and omissions in state governmental listings provided under a contract will not qualify for relief under the proposed Offer of Settlement.

#### Sales of Directory Listings to Third Parties

The Free Lance-Star publishes the newspaper of general circulation in Fredericksburg, Virginia, the *Free Lance-Star*, and competes with Verizon's directories through its own website, "Fredericksburg.com," and the Star Directory. The Free Lance-Star recommends that the Commission modify the Offer of Settlement to grant the Free Lance-Star compensation in the minimum amount of \$25,000 for past erroneous listing information provided by Verizon; order Verizon to provide the Free Lance-Star with a mechanism to verify future directory listings; and allow the Free Lance-Star to seek further compensation under the Corrective Action Plan.

The provision of directory listing information to the Free Lance-Star is provided pursuant to a license agreement that defines the relationship between the parties for listing accuracy and quality, establishes processes to address inaccuracies, and includes provisions providing for compensation for errors and omissions.<sup>13</sup> The listing information purchased by third parties under such license agreements is used for many different purposes, including third party directories, websites, and other business uses.

The issues raised by the Free Lance-Star are beyond the scope of this proceeding. As stated in our Order Establishing Investigation issued on January 21, 2005, the purpose of this proceeding is to investigate the errors and omissions appearing in Verizon directories and to

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<sup>13</sup> Verizon's December 21, 2006 Reply, Attachment A.

formulate a plan to improve the quality of Verizon directories. In contrast, the licensing agreement between the Free Lance-Star and Verizon is not regulated by the Commission. The remedies available to the Free Lance-Star for erroneous listing information provided by Verizon are governed by the specific terms and conditions of the license agreement between Verizon and the Free Lance-Star. We therefore reject the Free Lance-Star's requests.

### Sunset Provisions

The proposed Offer of Settlement provides that the requirements imposed on Verizon under the settlement will automatically sunset in three (3) years, with the exception of the Staff's audit of future Verizon directories to assure compliance with the proposed 99% accuracy metric. The accuracy metric will sunset at the earlier of three (3) years from the date the Commission approves the Offer of Settlement or the conclusion of the Staff's 80th directory audit.

Although the Consumer Counsel understands that Verizon should not be expected to remain at financial risk indefinitely for several obligations imposed by the Offer of Settlement, such as the proposed Corrective Action Plan and Incentive Plan, the Consumer Counsel questions why the Offer of Settlement's provisions relating to tariff revisions, customer verification processes, and command and control should sunset in three years. The Consumer Counsel therefore requests that the Staff and Verizon "address in their reply comments the rationale for eliminating these useful features after only three years, and absent compelling justification for doing so, urges the Commission to modify the proposed settlement to preserve them for the benefit of consumers of telephone services." <sup>14</sup>

The Staff and Verizon state in their Replies that the provisions contained in the proposed Offer of Settlement are designed primarily to eliminate the causes of the errors and omissions in

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<sup>14</sup> Consumer Counsel's December 1, 2006 Comments at 9.

Verizon directories. If Verizon's corrective actions and process improvements prove to be successful over the next three (3) years, the Staff and Verizon believe the Company should be relieved of the duties and obligations imposed by the Offer of Settlement. However, if Verizon is unsuccessful in improving the quality of its directories, the Staff Reply indicates that the Commission still has ample legal authority to take further corrective action.

We will not upset the balance struck in the Offer of Settlement by ordering that those provisions relating to tariff revisions, verification processes, and command and control become a permanent feature of the Company's telecommunications services provided to the public. The provisions contained in the Offer of Settlement are designed to improve the quality of Verizon's directories. If the provisions contained in the Offer of Settlement prove effective in remedying the errors and omissions in Verizon directories, the Company will be relieved of the obligations imposed by the Offer of Settlement.

However, Verizon has an affirmative duty to provide "adequate service" to the public under Va. Code § 56-234. We have also held that "[a]n essential part of furnishing telephone service is the furnishing of numbers to reach others" in directories and through directory assistance.<sup>15</sup> Given the importance of furnishing and publishing accurate telephone numbers in directories, we will closely monitor Verizon's progress in improving the quality of its directories.

#### Miscellaneous Provisions

Under the terms of the Offer of Settlement, the Division will determine customer eligibility to participate in the Corrective Action Plan. The Division is also responsible for

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<sup>15</sup> Application of the Virginia Telephone Association, For authority to reduce the free call allowance for directory assistance calls, Case No. PUC-1989-00025, 1990 S.C.C. Ann. Rept. 241.

auditing eighty (80) of Verizon's future directories over the next three (3) years to assure compliance with the 99% accuracy metric proposed in the Offer of Settlement. Given the abbreviated time-frame we have established for reviewing customer claims by our Staff, it is imperative that the Division will have ready access to the directory listing information necessary to investigate customer claims under the Corrective Action Plan. Staff access to directory listing information will also be necessary for the Division to perform the directory audits under the Incentive Plan. Accordingly, Verizon is hereby directed, no later than thirty (30) days after the entry of this Order, to provide the Division with access to the Company's relevant directories, automated directory listing systems, and other directory listing records to review customer claims under the Corrective Action Plan and to audit the Company's directories under the Incentive Plan. Verizon is further directed to respond to all Staff requests for information, reports, or other data in a timely and efficient manner so customer claims, monetary payments under the Corrective Action Plan, and directory audits can be completed by the Division in a prompt and efficient manner.

Finally, we find the Offer of Settlement's listing verification processes, monthly reports, and payments made to customers under the Corrective Action Plan should be implemented forthwith. Accordingly, Verizon is directed to implement the listing verification processes contained in Sections V and VIII of the Offer of Settlement within thirty (30) days from the date of this Order. The Company is further directed to begin filing the monthly reports required by Section VII of the Offer of Settlement on March 1, 2007. With respect to the monetary payments to customers under the Offer of Settlement's Corrective Action Plan, Verizon is directed to make payments to customers no later than forty-five (45) days after the Staff notifies Verizon, in writing, which customers qualify for payment under the plan. Verizon shall also



provide the Staff with written verification that all payments under the Corrective Action Plan have been made in accordance with the Staff's directives.

Accordingly, IT IS ORDERED THAT:

- (1) The Joint Motion to Approve Offer of Settlement is granted.
- (2) The Offer of Settlement is approved.
- (3) On or before February 28, 2007, the Commission's Division of Information

Resources shall complete publication of the following notice to be published on one (1) occasion as display advertising in newspapers having general circulation throughout the service territory of Verizon:

NOTICE TO THE PUBLIC OF A SETTLEMENT  
APPROVED BY THE STATE CORPORATION  
COMMISSION FOR ERRORS AND OMISSIONS  
IN VERIZON TELEPHONE DIRECTORIES  
CASE NO. PUC-2005-00007

On February 13, 2007, the State Corporation Commission ("Commission") approved an Offer of Settlement ("Settlement") to address the significant and ongoing errors and omissions in the directories of Verizon Virginia Inc. and Verizon South Inc. (collectively "Verizon" or "Company"). The Settlement provides customer relief for past and future directory errors, and establishes appropriate financial incentives to assure that future Verizon directories do not experience the same level of errors and omissions experienced in the past.

The Settlement, among other things, contains a Corrective Action Plan that will distribute up to \$2 million to customers who have experienced service affecting errors and omissions in directories published by Verizon. Customers desiring to participate in the Corrective Action Plan of the Settlement must file claims with the Commission's Division of Communications ("Division") no later than ninety (90) days from the date of the Commission's Order approving the Settlement.

The Settlement approved by the Commission, the procedures established for filing monetary claims under its Corrective Action Plan, and claim forms approved in Case No.

PUC-2005-00007 are available for public review and inspection in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. These documents may also be downloaded from the Commission's website:  
<http://www.scc.virginia.gov/division/puc/claim.htm>.

Interested persons desiring to file claims for monetary relief under the Corrective Action Plan must file a written claim with the Division using the claim form approved by the Commission in its Order approving the Settlement. All written claims shall be sent to State Corporation Commission, Division of Communications, P.O. Box 1197, Richmond, Virginia 23218. Claims may also be filed electronically by following the instructions set forth on the Commission's website. All claims, whether filed in writing or electronically, must be filed with the Division no later than ninety (90) days from the date of the Commission's Order approving the Settlement. Persons desiring to participate in the Corrective Action Plan are encouraged to read and review the Claim Procedures because failure to file a timely claim with the Division will render the person ineligible to qualify for monetary payments under the Corrective Action Plan.

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(4) Verizon shall, no later than thirty (30) days after the entry of this Order, provide the Division with access to the Company's relevant directories, automated listing systems, and other directory listing records necessary to review customer claims under the Corrective Action Plan and to perform the audits of the Company's directories under the Incentive Plan proposed in the Offer of Settlement. Verizon shall further respond to all Staff requests for information, reports, or other data in a timely and efficient manner so the Division can process customer claims under the Corrective Action Plan and complete its audit of future directories in a prompt and efficient manner.

(5) Verizon shall implement the listing verification processes and hotline contained in Sections V and VIII of the Offer of Settlement within thirty (30) days from the date of this Order.

(6) Verizon shall notify its customers of the listing verification process by: (i) advising customers of the notification process in the Company's future directories, (ii) sending bill messages or bill inserts to its customers advising them of the verification process, (iii) providing recorded messages for customers calling Verizon customer contact centers to advise them of the verification process, and (iv) advising customers of the verification process on Verizon's website.

(7) Verizon shall begin filing the monthly reports required in Section VII of the Offer of Settlement on March 1, 2007.

(8) Verizon shall make payments to customers eligible to participate in the Corrective Action Plan no later than forty-five (45) days after the Staff notifies Verizon, in writing, which customers qualify for payments under the plan.

(9) The Claim Procedures and claim form attached hereto as Appendix A shall be used by the Division when administering the Corrective Action Plan contained in Section I of the Offer of Settlement.

(10) This proceeding shall be continued, pending further Order of the Commission.

Commissioner Jagdmann did not participate in this matter.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Lydia R. Pulley and Jennifer L. McClellan, Counsel for Verizon Virginia Inc. and Verizon South Inc., 600 East Main Street, Richmond, Virginia 23219-2441; Edward L. Flippen, Esquire, McGuireWoods LLP, 1 James Center, 901 East Cary Street, Richmond, Virginia 23219;

C. Meade Browder, Jr., Senior Assistant Attorney General, Office of the Attorney General, 900 East Main Street, Richmond, Virginia 23219; Florence Barnick, Associate Publisher, The Free Lance-Star, 616 Amelia Street, Fredericksburg, Virginia 22401-3887; and the Commission's Office of General Counsel and Division of Communications.

## **PROCEDURES FOR IMPLEMENTING VERIZON CORRECTIVE ACTION PLAN**

These procedures are designed to implement the "Corrective Action Plan" contained in the Offer of Settlement approved by the State Corporation Commission ("Commission") in Case No. PUC-2005-00007. Under the Corrective Action Plan, Verizon Virginia Inc. and Verizon South Inc. (collectively "Verizon" or "Company") has placed \$2 million in an escrow account for the benefit of customers who experienced past "service affecting" errors and omissions occurring in Verizon directories.

### **I. Customers eligible to participate in the Corrective Action Plan**

Customers of Verizon and Competitive Local Exchange Carriers (local telephone companies other than Verizon) who experienced "service affecting" errors or omissions in Verizon directories published between January 1, 2004, and the effective date of the new tariffs filed by Verizon pursuant to Section III of the Offer of Settlement, are eligible to participate in the Corrective Action Plan. For purposes of the Corrective Action Plan, a "service affecting" error is an error or omission caused by Verizon and includes:

1. The complete omission of a listing that was published in the telephone company records.
2. The publication of a listing that was either non-listed, non-published, or no longer in the telephone company records.
3. The reversal of a customer's first/last name.
4. The misspelling of the listed name, incorrect telephone number, or any other error so as to make it unlikely that a user of a printed book could locate the correct number for the listing, including, but not limited to, the appearance of a listing under the appropriate yellow pages captioned heading.

Errors and omissions in yellow page classified advertising governed by unregulated commercial contracts are not eligible for compensation under the Corrective Action Plan.

### **II. Customer Claims**

Customers who qualify for participation in the Corrective Action Plan must file a written claim with the Commission's Division of Communications ("Division"). Customer claims must contain the following information: (1) the account name, (2) account number, (3) class of service (residential or business), (4) account address, (5) telephone number(s) affected by the error, (6) the nature of the directory error, (7) the directory in which the error occurred, (8) the local telephone service provider, (9) a brief explanation of any attempts to resolve the problem with the local telephone service provider, (10) whether a complaint was filed with the Commission regarding the directory error, (11) the year(s) in which the error occurred. Customer claims must be filed with the State Corporation Commission, Division of

Communications, P.O. Box 1197, Richmond, Virginia 23218. A sample claim form that can be filed with the Commission to participate in the Corrective Action Plan is attached hereto.

Customers can also participate in the Corrective Action Plan by filing a claim electronically by following the instructions available on the Commission's website: <http://www.scc.virginia.gov/division/puc/index.htm>.

All claims, whether filed in writing or electronically, must be filed with the Commission's Division of Communications ("Division") no later than ninety (90) days from the date of the Commission's Order Approving Offer of Settlement. Customers who do not file a written or electronic claim before the deadline will not be authorized to participate in the Corrective Action Plan.

### **III. Investigation of Customer Claims**

The Commission's Division of Communications will investigate all customer claims to determine whether the customer filing the claim is eligible to participate in the Corrective Action Plan. If the "service affecting" error or omission was caused by Verizon, the Division will direct Verizon to make a payment to the customer under the Corrective Action Plan. Verizon will make payments to customers out of the \$2 million escrow account in accordance with the directions of the Division.

The maximum claim amount payable to each eligible residential customer will not exceed \$550 per directory in which the "service affecting" error occurred. The maximum claim amount payable to each eligible business customer will not exceed \$8,000 per directory in which the "service affecting" error occurred. The specific amount for each claim will be based upon the total number of eligible claims filed with the Commission, and the type of telephone service (business or residential) received. Equal payments will be made to customers based on the type of service received; that is, all residential customers will receive the same amount, and all business customers will receive the same amount.

The Division will investigate all claims for eligibility to participate in the Corrective Action Plan and notify each customer in writing whether their claim is eligible for reimbursement under the Corrective Action Plan. The Division will investigate all claims and rule on each claim's eligibility to participate in the Corrective Action Plan no later than one-hundred fifty (150) days from the date of the Commission's Order Approving Offer of Settlement.

### **IV. Appeals to the Commission**

Claims for participation in the Corrective Action Plan that are denied by the Division may be appealed to the Commission. Appeals challenging the Division's decision denying a claim must be filed with the Commission, in writing, no later than one-hundred eighty (180) days from the date of the Commission's Order Approving Offer of Settlement. All appeals shall be sent to the State Corporation Commission, Division of Communications, P.O. Box 1197, Richmond, Virginia 23218.

**V. Unpaid Balance of Escrow Account**

Any unpaid balance remaining in the Verizon escrow account after payments to customers will be paid to the Treasurer of Virginia.